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NARRATION
of
PROPOSED ACTION

April 13, 1978

Silver Reef Mines
Harrisburg Mining District
Washington County, Utah

5M, Inc.

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NARRATION OF PROPOSED ACTION

It is the intent of 5M Corporation to resume and continue mining and milling operations on the company's recently acquired private, patented and unpatented, mining claims, known as the Silver Reef Mines, and located in the Harrisburg Mining District, Washington County, Utah. (See Drawing No. 1).

With respect to the colorful, past history of this mining property and Mining District, a few general comments would seem appropriate as an introduction to this narration.

(a) The beginning of active mining operations on the Silver Reef began in 1875, and continued through the boom period activities which lasted up through 1910. During this period, approximately 31 mining claims were patented, legal millsites established, and a large number of unpatented claims staked and operated. The patent survey for the patented mining claims was commenced in May of 1887. These surveys were made by a Mr. F. Dickert, U. S. Deputy Mineral Surveyor for the U. S. Government.

(b) Early in the 1880's, 29 mines were working in the area of the 5M, Inc., acquired claims. In addition, five major mills were built and operated:

1. Leeds Mill	completed in 1877
2. Christy Mill	" " 1878
3. Pioneer Mill	" " 1878
4. Barbee & Walker Mill	" " 1878
5. Stormont Mill	" " 1878

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(c) During 1929, the ASAR Company sunk a 540 foot vertical shaft at the base of the White Reef, connecting cross cuts and drifts to the old Savage Mine stopes on the Buckeye Reef, and to the Leeds Mine on the White Reef. (See MAP, Drawing No. 8).

(d) During the 1940's and 1950's, the Silver Reef area was further explored, drilled by the Atomic Energy Commission, and mined. This time with emphasis on the uranium and vanadium ores, in addition to the ore's copper and silver content. Shipments were made of uranium and vanadium during this period, and the area welcomed a resurgence of mining activity seen in the opening of several new mines, the more significant ones being:

1. Atomic Queen 5 & 6
2. Willis Pit
3. Chloride Chief drifts
4. Big Hill shaft
5. Anne's Pride

(e) Mining, and milling in the existing mill, was done on-site by Western Gold & Uranium Company during the 1950's through 1968 on copper, uranium, and silver ores. Approximately 35,000 tons were mined. However, only the copper and silver content was removed, while the uranium was shipped to the Marysvale, Utah, Uranium Buying Station. In 1953, the Atomic Energy Commission, in cooperation with Western Gold and Uranium Company, drilled some 350 shallow holes on six claims for the purpose of confirming the commercial quantity of the uranium and vanadium ores.

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The 5M, Inc., company now owns these properties on the Silver Reef as discussed above, and it is the intent of the company to resume mining and milling operations for the recovery of the copper, silver, uranium, and vanadium. The proposed operations will necessitate renovations of many of the previous underground and surface workings, as well as a continuation and expansion of the open pit workings. Renovation of the existing mill is proposed, with the addition of heap-leach facilities essential to the recovery of the copper, silver, uranium, and vanadium metals.

It is the intent of 5M, Inc., that these mining and milling operations on the Silver Reef fulfill a major need in Washington County in providing the industrial base from which a substantial return in area employment and tax base may result. The proposed operations have met with enthusiastic support from the Washington County Commissioners, and County Engineers, particularly in the steps being taken by 5M, Inc., to plan and condition any social impact on the area. With this in view, 5M, Inc., has heavily invested in properties and water resources within the confines of Washington County, and possesses the capability to work closely with the local cities in the development of these resources, and in bringing about the additional city improvements necessary to cope with any growth impact that may occur.

Power requirements essential to the mining and milling operations on the Silver Reef, are serviced by California

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Pacific Utilities over existing lines presently installed. Likewise, access to the properties is over asphalt roads, and the water requirements necessary for the mining and milling operations were obtained with purchase of the mining properties. Communications facilities to the project are presently on-site and serviced by the Mountain Bell Telephone Company. (See Drawing No. 3).

5M, Inc., currently employs 22 personnel directly involved in the project operations of the company, including supervisory personnel. It is projected that this number will be increased to approximately 100 employees by the end of Phase I operations extending through 18 to 24 months.

Startup operations will require two production shifts for mining, and two shifts projected for milling. Maintenance shifts will be additional.

Mining operations are programmed for a five day week. Some phases of the milling circuit will require a 24 hour service, but otherwise will also be phased into a five day week.